

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: July 13-14, 2005

Reference No.: 4.11  
Action Item

From: CINDY McKIM  
Chief Financial Officer

Prepared by: Ross Chittenden  
Division Chief  
Programming

Ref: **DELEGATION OF AUTHORITY TO SUB-ALLOCATE MINOR CONSTRUCTION  
PROGRAM PLAN PROJECTS RESOLUTION #G-05-**

## **ISSUE**

It is desirable to streamline the process and time to award minor capital construction projects and minimize the number of routine financial resolutions being processed by the California Transportation Commission (Commission). The Commission delegation of allocation authority to the Department of Transportation (Department) for a specific list of Minor Construction Program projects reviewed by the Commission will both speed up award of minor capital construction projects and reduce the number of routine financial resolutions being processed.

## **RECOMMENDATION:**

The Department recommends the Commission approve the attached Resolution #G-05-\_\_ delegating sub-allocation and adjustment authority for Minor Construction projects to the Department

## **BACKGROUND:**

Under the current process, when a project becomes Ready to List (RTL) the Department prepares a Book Item to allow the Commission to allocate funds at the next Commission meeting. The proposed resolution would require the Department to annually present its Minor Construction Program project list to the Commission for review and acceptance. The Commission would then delegate authority to the Department to sub-allocate funds to projects that are both on the project list and RTL, saving the four to six weeks it takes to have the Commission allocate funds to individual projects. Projects not on the project list would continue to be brought to the Commission for allocation.

The resolution states that the project list will include the project location, description, and the estimated construction, total Right-of-Way (R/W) for each Minor A project in the program and

the program sum of the entire program. The project list will also include a lump sum for the construction cost of Minor B projects and a lump sum for Minor Program R/W to be included in the annual R/W allocation.

This resolution does not address projects funded from SHOPP reservations (i.e. Safety and Emergency) that will continue to be presented to the Commission for individual project allocations.

## **CALIFORNIA TRANSPORTATION COMMISSION**

### **Delegation of Authority to the Department of Transportation for Sub-allocation and Adjustment of Minor Capital Construction Projects**

#### **Resolution #G-05-\_\_**

- 1.1 WHEREAS, the California Transportation Commission (Commission), pursuant to Streets and Highways Code Section 167, is authorized to define minor capital outlay projects; and
- 1.2 WHEREAS, the Commission, pursuant to Government Code Section 14533, shall allocate funds for transportation projects; and
- 1.3 WHEREAS, the Commission, pursuant to Government Code Section 7 and 14512, may request that the Department of Transportation (Department) perform such work as the Commission deems necessary to carry out its duties and responsibilities; and
- 1.4 WHEREAS, delegation to the Department of minor capital construction project sub-allocations and/or adjustment authority would streamline and help in the management of the Minor Construction Program; and
- 1.5 WHEREAS, it is desirable to reduce Commission workload by minimizing the number of routine financial resolutions being processed.
- 2.1 NOW THEREFORE, BE IT RESOLVED, that the following policies shall be in effect for minor capital construction project allocations, sub-allocations and adjustments:
  - A. In each biennial State Transportation Improvement Program (STIP) Fund Estimate the Commission will reserve funds for minor construction projects.
  - B. The Commission defines minor construction projects as having an upper limit of \$1 million for construction.

- C. Annually, the Department will present for Commission review and acceptance a Minor Construction Program. The Department's Minor Construction Program can be smaller than the STIP Fund Estimate minor construction reservation but in no event can it be larger.
- D. The Minor Construction Program will be supported by a Minor A project list that, at a minimum, will include the following information for each project:
  - 1. Project description.
  - 2. District, county, route and post mile.
  - 3. Expenditure authorization (EA) number.
  - 4. Estimated right-of-way expenditure.
  - 5. Estimated construction expenditure.
- E. The Minor Construction Program will identify a lump sum estimate for right-of-way, construction and support expenditures for Minor B projects.
- F. The Minor Construction Program will contain the following total information:
  - 1. A total program sum for right-of-way expenditure that will be reflected and enumerated as a separate line item in the Department's annual right-of-way allocation.
  - 2. A total program sum for construction expenditure.
  - 3. A total program sum for support expenditure.
- G. The Commission, in a lump sum, will annually allocate to the Department the total estimate needed for the Minor Construction Program construction expenditure.
- H. The Director of Transportation (Director) is authorized to sub-allocate the lump sum Minor Construction Program funds to individual Minor A projects that are enumerated on the Commission reviewed and accepted Minor A project list, and to Minor B projects.
- I. The Director is further authorized to increase individual project construction allocations to allow the advertisement, award and completion of contracts within the following limits:
  - 1. For Minor A projects enumerated on the Commission reviewed and accepted Minor A project list, the Director may adjust the funds sub-allocated for construction provided that the adjustment does not exceed the estimated construction expenditure by more than \$200,000.
  - 2. For Minor B projects, the Director may adjust the funds sub-allocated for construction provided that the adjustment does not exceed 110 % of the Minor B project limit as defined under L. 2.

- J. Any adjustments that exceed the authorized limits described in item G above must be allocated by the Commission and does not establish a new funding capacity adjustment base for the project. All subsequent increases to the allocation must be presented to the Commission for approval.
- K. Any Minor A project identified by the Department after Commission review and acceptance of the Department's Minor A project list must be allocated by the Commission.
- L. The Minor Construction Program is reserved only for small State Highway Operation and Protection Program (SHOPP) type projects. The Commission will not accept any projects on the Minor A list that are capacity-increasing in nature, including bicycle and pedestrian facilities, soundwalls, and enhancements and mitigations for STIP projects nor to enhance and/or cover cost increases on STIP projects. The following additional procedures shall apply to Minor Construction Program projects:
  - 1. When funds required to complete a Minor A project are greater than authorized under item H above, the following procedures shall be followed:
    - a. When there has been no change in the scope of the project, any additional State funds will come from within the STIP Fund Estimate minor construction reservation.
    - b. When there is a change in the scope of the project, the project must compete for funding with other projects in the normal SHOPP programming process.
  - 2. The Minor B project limit is established to be consistent with the lower limit of the State Contract Act (SCA). The SCA is reviewed each even numbered year by the Department of Finance and adjusted to be consistent with change in the annual California Construction Index. The Commission authorizes the Director to change the Minor B project limit and the Minor A project lower limit to an amount equal to the lower limit of projects subject to the SCA as revised by the Department of Finance, and the Director shall inform the Commission of any such change within 45 days.
  - 3. The Director is authorized to sub-allocate funds for Minor B projects to individual Districts.
  - 4. Minor A financial contributions to STIP projects can only be allocated by the Commission and only after independent utility for the Minor A work and lack of responsibility by the STIP project sponsor for the

Minor A work is established and approved by the Director under the requirements of the Department's June 5, 2002, Minor A Project Policy memorandum (see Attachment).

5. Projects funded jointly with Minor A funds and other non-STIP or non-SHOPP funds shall be administered as Minor A projects, irrespective of the total cost of the project.
- M. The Director shall report all Minor A project sub-allocations made under this delegation to the Commission at the next scheduled Commission meeting following the project sub-allocation. At a minimum the report will contain the following information:
1. Project description.
  2. District, county, route and post mile.
  3. Expenditure authorization (EA) number.
  4. Estimated construction expenditure as enumerated on the Commission reviewed and accepted Minor A project list.
  5. Actual construction sub-allocation as authorized by the Director.
  6. The Director will keep and report monthly a running balance against the Commission's annual minor construction program allocation and against the STIP Fund Estimate minor construction reservation.

Attachment

# Memorandum

*Flex your power!  
Be energy efficient!*

To: DISTRICT DIRECTORS

Date: June 5, 2002

Attention: Deputy District Directors  
Project Management

File:

From: DEPARTMENT OF TRANSPORTATION  
DIRECTOR'S OFFICE - MS 49

Subject: Minor A Project Policy

The California Transportation Commission (CTC) recently expressed concern over use of the Minor A Program to provide financial contribution to State Transportation Improvement Program (STIP) projects. Based on this concern and subsequent discussions with the CTC, the following new policy has been established for Minor A Program financial contributions to STIP projects.

It is the policy of the Department that the Minor A Program is for projects with:

- Estimated cost of \$120,001 to \$750,000.
- Scope consistent with the State Highway Operation and Protection Program (SHOPP).
- Independent utility.
- High priority.

Financial contribution of Minor A funds to STIP projects requires approval by Headquarters Divisions of Project Management and Transportation Programming. Requests for approval of Minor A financial contribution to STIP projects must be signed by the District Director (or authorized delegate) and include:

- Description of the total project scope and the independent utility served by the Minor A contribution.
- Explanation of why the Minor A contribution is needed.
- Rationale for why the STIP project sponsor isn't responsible for the work.
- Assessment of the priority of the financial contribution to other Minor A projects in the District.

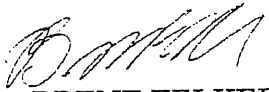
DISTRICT DIRECTORS

Attention: Deputy District Directors  
Project Management

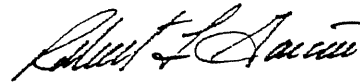
June 5, 2002

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The request for approval of financial contribution is to be sent to the Division Chiefs for Project Management and for Transportation Programming. If approved, a written notice will be sent to the District with a copy to the CTC. This requirement does not apply to financial contributions for relinquishment of state highway facilities to local agencies.



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Chief Engineer



ROBERT L. GARCIA  
Chief Financial Officer

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